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HIGHLIGHTS

- The government's capacity to finance development is heavily constrained, with the wage bill and debt-service costs absorbing 95% of tax revenues.
- The possible withdrawal of foreign forces may provide a lifeline for the Islamic State Mozambique (ISM) to reverse its current decline.
- The possibility for unrest in urban areas is increasing due to the disputed local election results.
- The government's heavy-handed response to the local elections may spell problems for Mozambique's security and democracy prospects.
- Mozambique paid out US\$130 million to financial institutions as part of an out-of-court settlement with Credit Suisse.
- Kidnappings of business people remain an ongoing problem with the Confederation of Economic Associations (CTA) calling for harsher sentences.
- Improved security conditions in the north of Cabo Delgado province have led to the reopening of seven out of the nine crossing points with Tanzania, but the situation remains fluid in the rest of the province.
- The humanitarian situation in Cabo Delgado remains a concern as the population suffer loss of access to education, healthcare, and economic opportunities.
- The International Monetary Fund (IMF) expects the economy to grow by 7.0% in 2023, 5.0% in 2024 and 12.1% in 2028, but high debt levels remain a concern.
- Mozambique may have to restructure its public debt if revenues from the liquefied natural gas (LNG) projects do not ramp up quickly.
- The government estimates that foreign direct investment (FDI) will triple in 2024 to €4.537 billion, driven by the natural gas exploitation business.
- The government and international funders updated the financing terms of the LNG projects, but TotalEnergies is still delaying the restart of on-land operations.

MOZAMBIQUE



- Mozambique is losing US\$60-70 million annually because of illegal fishing.
- Government expects growth of 18.6% for the extractive industry sector in 2024, with gold, heavy sands, graphite and coal the main contributors.
- China is to strengthen 'strategic coordination' in the China-Mozambique comprehensive strategic cooperative partnership.
- Mozambique and India committed to expand trade relations, as well as Indian investment of US\$11 billion in the energy sector.
- Mozambique signed a set of public infrastructure financing agreements worth US\$158 million with the Saudi Development Fund (FSD).
- The Bank of Mozambique (BoM) has pointed to the conflict between Israel and the armed group Hamas, which has already claimed more than nearly 10,000 lives, as a new external vulnerability for the country.

